

**USAID/Belarus**  
**Operational Plan**

**FY 2006**

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## **Program Performance Summary FY 2005: I. Democratic Reform**

### **A. Country Situation:**

The 2004 referendum that allows Alexander Lukashenko to stand for reelection indefinitely demonstrated a steady regress in the country's commitment to reform. According to the Freedom House Nations in Transit 2005 report, Belarus's rating for electoral process has dropped from 6.75 to 7.00 because of the executive branch's increasing control over the electoral process. The referendum marked the start of the incumbent's reelection campaign, which will culminate in elections in March 2006. His main message is that "prosperous" Belarus is an island of stability in a turbulent world, and that a change of government would put an end to this stability and lower living standards. At the same time, authorities have stepped up their pressure on critics, and tightened laws governing the activity of political parties, NGOs, and think tanks.

Unable to fulfill the Ministry of Justice's directive to move their offices from residential to office buildings, pro-democracy parties this year were forced to liquidate a number of their regional branches. This year's edition of the Law on Political Parties placed further restrictions on parties' activities, and empowered the authorities to suspend political parties for up to six months. The law also obliges parties to register their unions and associations with the Ministry of Justice, which is a de facto ban on activities of any coalitions as the Ministry has not registered a single new party over the past several years.

The GOB also tightened control over independent polls. After closing down one of the most reputable think tanks in Belarus, the Council of Ministers issued a directive for all pollsters conducting public opinion surveys on national referenda, elections, and the political situation in the country, to apply for accreditation to a special panel, which retained a right to revoke accreditation if it detected irregularities in the pollster's activities or if released poll results were "biased and unreliable".

Several new legal acts also negatively affected the environment for NGOs. Now NGOs are required to register every conference and seminar organized with donor funding, as well as register all NGO unions, associations, and public initiatives. NGO activities may be suspended for up to six months through court proceedings; misuse of gratuitous foreign aid and a single violation of a regulation governing mass events may lead to liquidation. This environment forces many NGOs to resort to survival tactics. In spite of the extremely harsh environment for indigenous organizations, NGO activists remained committed to continue their work and prevent the complete extinction of civil society in Belarus.

While the government does much to prevent any form of self-organization, the leading pro-democracy forces have managed to consolidate, unify, and elect their common contender for the 2006 presidential election. Members of the two largest coalitions -- Five Plus and the European Coalition -- pro-democracy NGOs, independent media, and other political actors established a Permanent Council of Pro-Democracy Forces in order to conduct a presidential campaign with one candidate, one common political platform, and one election team. In the spring and summer of 2005, democratic forces held a number of conferences throughout Belarus to elect over 800 delegates who later elected their single presidential candidate, Alexander Milinkevich. At the same time, there is no overall unity among all the opposition forces: some prominent opposition figures who were not a part of the common process announced their presidential ambitions, and others established a new coalition.

### **B. U. S. Assistance Priorities:**

The focus of U.S. assistance in addressing key challenges was to support indigenous civil society institutions: NGOs and public initiatives; pro-democracy political parties and civic groups; and independent media outlets.

### **C. Program Performance:**

In 2005, the government persisted with its policy of controlling alternative viewpoints and information sources, imposing fines and limiting the distribution of independent publications. USAID supported

independent newspapers through technical services. Pre-publication analysis of articles from a legal standpoint, and free legal hotline consultations ensured that fewer independent print publications were brought to trial. Due to the independent media's increased professionalism in providing objective and quality information, the level of public trust in the independent media continues to be high despite interrupted publication and the closure of these newspapers.

Paradoxically, after the closure in 2004 of a successful USAID-funded program implemented by Counterpart International, the government registered grants awarded through this program to local NGOs earlier. Eleven grant projects were successfully implemented. USAID worked with 18 local communities and around 30 NGOs. To foster increased citizens' involvement in community initiatives, 55 training workshops were conducted for more than 300 NGO and community activists. Seven study tours to other Eastern Europe countries were conducted for 82 leaders of NGO partners and representatives of local government and local businesses to learn best practices from neighboring countries. The program also contributed to information dissemination by local media, and managed to produce and broadcast 35 television programs in talk-show format on social, economic, and civic issues. Talk shows were broadcasted in seven towns with a combined population of 1,400,000 people.

USAID continued to provide assistance to NGO lawyers. As a part of NGO Legal Advocacy, USAID supported development of a web site for NGOs, a valuable resource on current legal regulations on NGO activity, and assisted the NGO Assembly in conducting a roundtable for 70 NGO lawyers on rendering legal aid in a new working environment. This year, USAID and its local partners started a Legal Advocacy Initiative, analyzing the impact of mandatory short-term employment contracts on employee rights. As a result, guidelines in the form of pamphlets were developed and distributed throughout the country. Also, the NGOs conducted a public legal education campaign on the issue of mandatory short-term contracts. USAID sponsored 12 seminars attended by 365 people. Consequently, 18 attendees brought successful lawsuits against their employers for violation of labor rights through mandatory short-term contracts.

## II. Economic Reform Assistance

### A. Country Situation:

The Belarus economy has been relatively stable over the last years due to a favorable external economic environment, and growing domestic demand. However, the situation is very different from other transition economies: the state dominates production and exports, and interferes in the operations of both state enterprises and private companies; the tax burden is high, and the budget is redistributed to support traditional producers and employment. According to the World Bank 2005 Country Economic Memorandum for the Republic of Belarus, nine years of economic growth have not been backed up by sound and consistent macroeconomic policies, structural and institutional reforms. Belarus' economy is highly dependent on a single and unstable Russian market (about 50% of all exports) and oil prices. The GOB has been delaying adjustments to market energy prices, because according to the WB, this adjustment could bring costs as high as 6% GDP per year. Belarus has managed to maintain moderate budget deficits and debt levels, however, inflation remains significant. Despite declarations, GOB policy has not been able to attract foreign direct investment as the investment legislation and environment are not favorable in comparison to other transition economies. According to the EBRD, Belarus showed the least amount of progress among all transition economies in such reform areas as enterprise restructuring, large-scale privatization and infrastructure reform. The private sector in Belarus is relatively weak and disadvantaged; the playing field for private companies is uneven as the government continues to support loss-making companies based on ideological premises.

### B. U.S. Assistance Priorities:

Belarus' economic indicators are strong for the region, but mask a lack of willingness to initiate structural reforms. At the same time, the share of the economy in the private sector is among the lowest in the region. Under these circumstances, USAID programs should focus on strengthening the weak SME sector; providing economic/business education and stimulating a public dialogue on reform.

### C. Program Performance:

The Belarus Economic Education Project launched in April 2005 provided unbiased economic information through economic education and accounting training. As a catalyst for dialogue among government officials, business, academia and civil society on regional economic development, integration and economic reform, five regional roundtables and one national conference were conducted. The project also worked to bring financial reporting in compliance with international standards by launching CAP/CIPA world-class, Russian language professional accountancy certification program. This year several groups of professionals, mostly from the private sector, benefited from training in financial accounting, managerial accounting, tax and law. The first ever CAP/CIPA exams in the country included 57 examinees in financial accounting and 48 examinees in managerial accounting, and resulted in the highest pass rate (over 80%) in all of the Newly Independent States. USAID also provided technical assistance to a local private economic research institution and a public association of accountants and auditors. As a result of these efforts, the association revitalized its activity, and became an associate member of the Eurasian Council of Certified Accountants and Auditors. USAID also supported EBRD's Microlending Program. Two EBRD partner banks developed their regional micro-lending network through the establishment of four new specialized micro-lending units within existing bank branch offices. USAID assistance also helped to expand the team of loan officers and consultants by 24 members for newly established micro-lending units. Regular training and seminars for consultants, loan officers and newly selected trainees were carried out.

**Increase Agricultural Sector Productivity.** The agriculture activity's focus area is in increasing farmers' incomes by improving the performance of privatized collective farms throughout Belarus. During FY05, Agribusiness Volunteer Program in Belarus assisted privatized collective farms that are most committed to innovation. The project benefited 934 farm workers (more than 3,000 counting family members). During FY05, eight host organizations benefited from 19 volunteer assignments. As a result of this assistance, host organizations improved production and increased sales, which led to a 34% increase in net income and a 19% increase in average employee monthly payroll in comparison with 2004.

### III. Social Reform and Humanitarian Assistance

#### A. Country Situation:

The GOB's social protection policies are used as its main tool for ensuring public support. However, according to UNDP's National Human Development Report 2004-2005, Belarus may face serious social and economic consequences if it delays transition changes. Poverty remains relatively high: more than 27% live below the official poverty line, and the ratio of the population living on less than the minimum subsistence level varies significantly between regions and urban and rural areas, reaching to 45.6% in some rural areas. The demographic situation is marked by a fast decline in fertility and a rapid rise in mortality, particularly among the working-age male population. Since 1993, Belarus's population decreased by 434,500. According to the 2005 World Population Data Sheet of the Population Reference Bureau (PRB), Belarus is among the countries with lowest fertility rates worldwide. PBR projects that if the trend continues, by 2050 the population may decrease by 13%. The average life expectancy is 69 years (63 for men and 75 for women).

Major social and health problems include heavy drinking, a quickly-developing HIV/AIDS problem, high tuberculosis (TB), and syphilis rates, increased cancer rates especially in Chernobyl-contaminated territories, abortions among adolescents, and drug dependence. The GOB has acknowledged the mounting problems of HIV/AIDS and TB. Last year the country was awarded a \$17.37 million grant from the U.N. Global Fund to Fight AIDS, TB and Malaria (GFATM) for an HIV/AIDS treatment and prevention project in Belarus. Belarus also applied for a similar grant to fight TB.

Belarus has about 32,000 institutionalized children, 86% of whom were reportedly abandoned by their parents. The government recognizes the problem, and works on measures to discourage parents from abandoning their children. A new law this year requires the parents of abandoned children to pay in full

for food, clothes, and other essentials. At the same time, the GOB has put a freeze on foreign adoptions following a presidential directive.

#### B. U.S. Assistance Priorities

Activity implementation in this area has just begun. The major implementation challenges have concerned the GOB's reluctance to accept U.S. and international technical assistance, and the country's burdensome bureaucratic registration procedures. USAID/Belarus is still waiting for official approvals to unfold a training activity for medical professionals in providing anti-retroviral (ARV) treatment to HIV/AIDS patients. Assistance in the area of health seems to be the hardest to deliver as every proposal is scrutinized by the Ministry of Health, which is primarily interested in receiving equipment and medications.

#### C. Program Performance:

Over the past year, USAID designed three new activities in the area of social reform - two in the area of health (HIV/AIDS treatment and prevention), and one to support orphans and vulnerable children. USAID HIV assistance focused on complementing the Global Fund activities. One of our newly-launched activities will improve the technical, organizational, and networking capacity of HIV/AIDS NGOs. The other HIV-related project designed this year -- training medical professionals in ARV treatment and anti-stigma and discrimination towards HIV/AIDS patients -- is pending official approval. The new USAID project to assist orphans and vulnerable children will work with families, community service providers, social workers, and institutionalized children and youth to reduce the number of children in institutions and increase the number of those who return to their natural families or alternative family care.

### IV. Other Programs of Significance: Anti-trafficking.

#### A. Country Situation:

The 2005 Trafficking in Persons Report rated Belarus as a tier two country, meaning it is not meeting the minimum standards to combat trafficking, but making significant efforts to do so. According to the report, Belarus continued to increase its law enforcement efforts, but lacked adequate funding for victim protection and trafficking prevention. One deficiency in anti-trafficking legislation was a definition of victim's rights. In 2005 the GOB made some progress in detecting human trafficking cases and passing anti-trafficking legislation. The detection rate has tripled; during 2005, 574 offenses in human trafficking were detected against only 400 during all previous years. The August 2005 edict "On Preventing the Effects of TIP" was first comprehensive legislative act that specified actual protection for TIP victims by the government. It defines the status of trafficking victims, mandates measures to provide protection and medical care, and guarantees social security to these victims. However, if a TIP victim interferes with the investigation or prosecution of a case, any protection activities already administered will be terminated. The edict gives no definition of what such interference may constitute. The March, 2005 decree "On Combating TIP" introduced tougher regulations on trips abroad for employment, training, and marriage purposes. In order to receive training in a foreign country, a student should now obtain permission from the Ministry of Education. Fighting illegal migration and trafficking is one area where the GOB welcomes foreign assistance. In November 2005, Belarus was granted membership in the International Organization for Migration.

#### B. U.S. Assistance Priorities

As in the rest of the region, trafficking in persons is a severe problem in Belarus, but one where USG and other donors have achieved some degree of cooperation with working level authorities. USAID has focused its efforts on trafficking prevention and victim protection.

#### C. Program Performance

In 2005, USAID developed and launched a \$1 million project to build on its successful pilot activity on

women's economic empowerment. This activity is the only donor project targeting one of the underlying causes of trafficking - poverty and lack of job opportunities. The opening roundtable in August 2005 gathered 60 participants, current or potential NGOs-partners. NGOs that had previously participated in the USAID successful pilot project in 2003-2004 shared positive experiences and recommendations. However, the actual provision of technical assistance through the IOM is pending registration with various agencies.

**FY 2006 Program****SO: 113-0210 Increased Citizen Participation in Democratic Practices****Address Other Health Vulnerabilities**

Address Other Health Vulnerabilities (\$500,000 FSA). USAID will address the needs of orphans and vulnerable children by reducing the number of children dependent on state-administered orphanages and boarding schools for services. Chernobyl Rehabilitation CORE Program will assist Belarusians in the most affected areas in fighting the effects of the Chernobyl nuclear accident. The focus will be on independent information and education on radiation levels, environment, and health. Implementers: Christian Children's Fund and United Nations Development Program (both prime).

**Establish & Ensure Media Freedom & Freedom Of Information**

Establish & Ensure Media Freedom & Freedom of Information (\$1,604,000 FSA, \$396,000 FSA carryover). Assistance will focus on strengthening media capacity to provide Belarusian citizens with objective, unbiased information. Implementer: Contractor/grantee: International Research and Exchanges Board (IREX).

**Improve Economic Policy and the Business Environment**

Improve Economic Policy and the Business Environment (\$1,550,000 FSA). USAID will provide unbiased economic information and accounting training, and foster development of small and medium businesses through business education, entrepreneurship training, policy dialogue, and access to market and finance. It will also expand micro and small enterprise lending operations through the European Bank for Reconstruction and Development (EBRD). Implementer: Development Alternatives Inc. (prime) and TBD.

**Prevent & Control Infectious Diseases Of Major Importance**

Prevent & Control Infectious Diseases of Major Importance (\$500,000 FSA). Funds will be used to develop a project to improve diagnosis and treatment of tuberculosis (TB). Implementer: TBD.

**Program Support**

Program Support (\$395,000 FSA, \$73,359 FSA carryover, \$3,977 FSA prior year recoveries). Funds will support program administration and development, including strategy design, needs and sector assessments in selected sectors.

**Strengthen Civil Society**

Strengthen Civil Society (\$2,605,000 FSA, \$172,260 FSA carryover supplemental). USAID will advance civil society development by providing technical and financial support to local civil society, media and human rights non-government organizations (NGOs). USAID will promote rule of law by training local lawyers, activists, and NGOs. It will work with faculty-based legal clinics at local universities to build the capacity of clinical programs at law schools. The Community Connections program will provide Belarusian entrepreneurs, professionals, and NGO leaders with valuable exchange opportunities to break the increasing self-isolation of the country, and promote mutual understanding through exposure to U.S. society. The European Humanities University International (EHUI) will receive assistance for the education of university students in Belarus. Currently, EHUI is operating "in exile" in Vilnius, primarily through distance learning, due to the Belarus government's closure of the university campus in Belarus. Implementers: American Bar Association/Central European and Eurasian Law Initiative (ABA/CEELI),



Eurasia Foundation (EF), PACT, German Marshall Fund, World Learning, and EHU (all prime).

### **Strengthen Democratic Political Parties**

Strengthen Democratic Political Parties (\$830,000 FSA, \$320,000 FSA carryover). Support will be provided to develop political party-building, campaign planning and management, media relations and coalition building skills. Implementers: International Republican Institute (IRI) and National Democratic Institute (NDI) - both prime.

### **FY 2007 Program**

#### **SO: 113-0210 Increased Citizen Participation in Democratic Practices**

### **Establish & Ensure Media Freedom & Freedom Of Information**

Establish & Ensure Media Freedom & Freedom of Information (\$1,000,000 FSA). Assistance will focus on strengthening media capacity to provide Belarusian citizens with objective unbiased information. Implementer: Contractor/grantee: IREX.

### **Improve Economic Policy and the Business Environment**

Improve Economic Policy and the Business Environment (\$1,100,000 FSA). USAID will support the sustainability and competitiveness of the private sector through business education, entrepreneurship training, improvement of the regulatory framework, and access to market and finance and will expand micro and small enterprise lending operations. Private business activities will be supported through grant-making. Implementer: EBRD, EF (both prime) and TBD.

### **Program Support**

Program Support (\$317,740 FSA). Program support will fund program administration and development costs, including sector assessments and project evaluations.

### **Strengthen Civil Society**

Strengthen Civil Society (\$3,954,260 FSA). USAID will expand the civil society program through NGO development and provide basic support to independent media through professional training for non-state media managers, publishers, and journalists. A Community Connections program tailored to Belarusian professional or business interests will contribute to Belarusian economic and democratic reform. Implementers: PACT and World Learning (both prime).

### **Strengthen Democratic Political Parties**

Strengthen Democratic Political Parties (\$800,000 FSA). USAID will work with pro-democracy political parties and groups. USAID will continue a long-term capacity-building program for pro-democracy parties, with a focus on internal governance, party-building, and membership recruitment. Implementers: IRI and NDI (both prime).

## **Results Framework**

### **113-0210 Increased Citizen Participation in Democratic Practices**

#### **Program Title: Citizen Participation in Democratic Practices**

- 2.1.1: Increased effectiveness of democratically oriented NGOs
- 2.1.2: Increased responsiveness of political parties to public needs
- 2.1.3: Enhanced public access to objective and substantive information